

Good morning, my name is Marie Lenane and I am a Purchase of Service Policy Analyst at the Executive Office of Health and Human Services. I am here to present staff testimony on proposed amendments to 101 CMR 427.00: Rates for Certain Youth and Young Adult Support Services. These services are purchased by the Department of Children and Families as young parent support services, conflict of interest services, and Alternative to Lock-up services; by the Department of Public Health as teen pregnancy prevention services; and by the Department of Mental Health as therapeutic day services.

Amendments to this regulation are being proposed at this time in accordance with M.G.L. Chapter 118E, Section 13D, which requires the Secretary of the Executive Office of Health and Human Services to establish by regulation and biennially review the rates of payment by governmental units for social service programs.

The proposed amendments update rates for certain youth and young adult support services by a cost adjustment factor (CAF) of 2.78%, effective July 1, 2023. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2022 Forecast, optimistic scenario data. The CAF reflects the period between the rates' base period (calendar year 2023 Q2) and the prospective period of fiscal years 2024 and 2025. In addition to the FY24 CAF, the rates for all services have been updated to include all staff salaries. It is the Purchase of Service (Chapter 257) policy to utilize salary data from the most recent version of the Massachusetts Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) available at the time of the rate review. As such, the benchmarks are derived from the Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2021 at the 53rd percentile. The programmatic expenses are benchmarked to the FY21 Uniform Financial Statements and Independent Auditor's Report (UFR) and the purchaser's recommendations. The administrative allocation is benchmarked to 12% and the tax and fringe rate has been benchmarked to 25.39%. This benchmark is derived from the MA Comptroller's FY23 approved rate less terminal leave and retirement. This benchmark includes an additional 2% to be used to promote workforce initiatives such as retirement benefits. Rate provision language has been incorporated into this regulation to allow for administrative adjustments for extraordinary circumstances, which is consistent with other Chapter 257 rate regulations. Lastly, hourly add-on rates have been added to this regulation for direct care staff.

The estimated FY24 annualized cost to state government from the increase in rates established by these proposed amendments is approximately \$2.4 million, which represents an increase of 14.92% over FY23 projected spending of approximately \$18.3 million.

This concludes my testimony. Thank you.